

## LNF & IHCIF Calculations Illustration **- Menominee in Bemidji area -**

### Given Data

- 5,652 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 23% = % Expenditures on purchased services, 77% = % expenditures in-house
- 96.8% = Cost index for purchasing health care in this geographic area
- 110.9% = Size cost index for in-house costs due to small or large size
- 105.9% = Bemidji area cost index for health status above or below average

### Cost Adjustment Calculations

- \$671 per person for purchased services =  $23\% * 96.8\% * \$2,980$
- \$2,536 per person for in-house services =  $77\% * 110.9\% * \$2,980$
- \$3,207 per person total = \$671 (purchase) + \$2,536 (in-house)
- **\$3,397 per person total** adjusted for health status =  $\$3,207 * 105.9\%$
- **\$2,652 per person net cost** =  $\$3,397 - \$745$  Other resources (M&M&PI)

### Existing Expenditures (for 5,652 users excluding wrap-around and collections)

- \$782 per person = local IHS allowance (excludes \$ for wrap-around)
- \$94 per person = expenditures elsewhere in Bemidji area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$930 per person for OU users** =  $\$782 + \$94 + \$54$

### LNF Calculation

- **27.4% Gross LNF** =  $\$930$  (expenditures) /  $\$3,397$  total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **35.1% Net LNF** =  $\$930 / \$2,652$  net cost ( $\$3,397 - \$745$  other)

### IHCIF Allocation

- \$3,734,687 = \$ to raise LNF% from 35.1% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction =  $\$9,000,000$  fund /  $\$258,040,100$  needed
- **\$130,266 Allocation** =  $\$3,734,687$  needed for 60% \* 3.488% IHCIF fraction

### Menominee Unmet Needs

- **\$14,988,570 Net Total Need** = 5,652 users \* \$2,652 net cost
- **\$9,730,115 Net Unmet Need** =  $(100\% - 35.1\% \text{ LNF}) * 5,652 \text{ users} * \$2,652 \text{ net cost}$